GOVERNMENT OF INDIA
COAL
LOK SABHA

UNSTARRED QUESTION NO:4032
ANSWERED ON:20.04.2005
CHANGE IN COAL LINKAGE POLICY
Shukla Smt. Karuna;Singh Shri Ganesh

Will the Minister of COAL be pleased to state:

(a) whether the Government proposes to bring about a change in the present policy of providing coal through coal linkage for captive use;

(b) if so, whether the coal would become more costlier for the small companies;

(c) if so, whether the new policy would also be applicable to the companies having already procured coal through coal linkage; and

(d) if so, the manner is which small companies would compete in the open market with the big companies which have procured the coal blocks?

Answer

THE MINISTER OF STATE FOR COAL (DR. DASARI NARAYANA RAO)

(a)to(d): The policy in respect of distribution of coal amongst non-core sector consumers, following Kolkata High Court judgement in Bijay Poddar Vs.Coal India Limited case is under formulation. E-auctions are being held by coal companies on a trial basis. Based on the feedback received, the policy on distribution of coal will be finalized.

(a): There is no change in the present policy of providing coal to linked consumers in core sector, which is decided in the Standing Linkage Committee(Short-term), an inter-ministerial body comprising representatives from Ministry of Coal, Ministry of Power, Ministry of Railways, Central Electricity Authority, Coal India Limited and Coal Companies, after due consultation with Power Utilities. As regards sales to non-core linked consumers, there is no change in quantity consideration, which continues to be guided by the Maximum Permissible Quantity (MPQ) concept and the availability. However, the pricing of coal to non- core linked consumers will be based on E-auction price instead of the notified price.

(b): The coal price obtained through electronic auction would depend entirely on the bids made by the participants.

(c): In respect of core sector consumers, the new policy does not envisage any change at present. However, consumers in non-core sector, who already have coal linkage, can participate in "on line" E-auction, but the price applicable will be based on the actual rates arrived on successful bids.

(d): The present concept of E-auction is meant only for non-core sector consumers, whereas allocation of coal blocks relates to core sector consumers. Therefore, both the sectors are not comparable.